

# **SPECIAL COUNCIL MEETING**



**Monday, March 31, 2014 – 1:00 p.m. – 5:00 p.m.**

**COUNCIL CHAMBERS  
501 North Anderson Street  
City Council Retreat**

## **Agenda Items:**

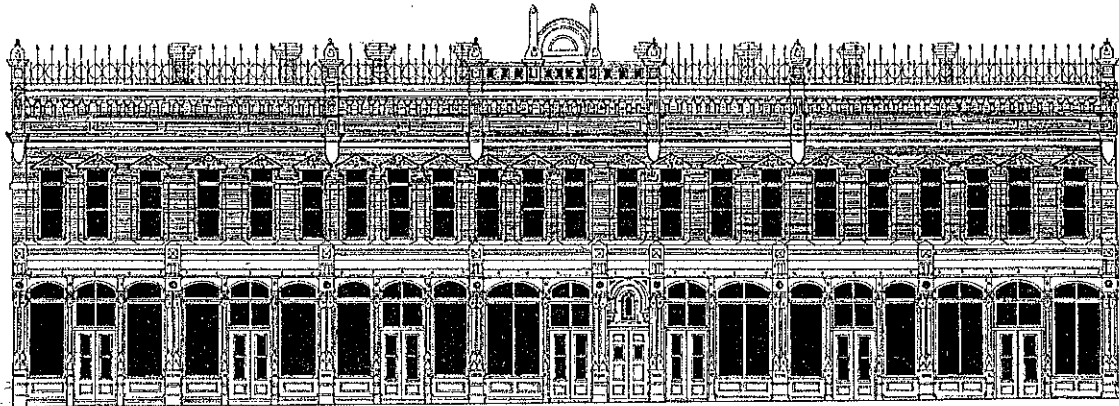
- 1) Community Development Discussion**
- 2) Geddis Building**
- 3) Public Transit**
- 4) Community Center**
- 5) Light Industrial Property – Dolarway Road**
- 6) Boards and Commissions**
- 7) Potential City Annexations**
- 8) City Manager Recruitment Update**
- 9) Executive Session**

**Public Comment on Non-agenda Items will not be taken at this meeting.**

**Public Comment on Non-agenda Items is taken during regular meetings of the Council, normally on the first and third Monday of each month.**

# Downtown Revitalization

## Project Geddis Building (Block)



Drawing by David Wheeler

## Introduction

Over past several years, several interested parties have met to identify projects which enhance the revitalization efforts of downtown Ellensburg. Members of this group include key representatives of the City of Ellensburg, Ellensburg Business Development Authority (EBDA), Kittitas County Chamber of Commerce, CWU, and the Ellensburg Downtown Association (EDA). The Group operating as an ad-hoc committee of the EBDA has reviewed downtown projects ranging from infrastructure to the purchase of vulnerable buildings.

It became clear to the work group that the initial step should focus on facilitating opportunities for a diverse economically vibrant downtown. The Geddis was perceived as the linchpin to ensuring a vibrant downtown. The work of that group led to a recommendation to the City Council, that Council proceed with the purchase, clean-up, and leasing of the Geddis Building. Council acted and purchased the building in December, 2012—investing in support of a vision that invested in and took a proactive approach towards ensuring the development of the downtown reflective of the City’s vision outlined in the Comprehensive Plan.

### Where it was

The original Geddis Building was built in 1889 by Sylvanus Ray Geddis, a wealthy rancher, but was lost to the great fire. Geddis quickly rebuilt a structure complete with iron columns and decorative cresting along the parapet. In 1964, the upper story was covered with aluminum sheathing and its fine architectural details were removed. Larry Nickel removed the aluminum sheathing and restored some of the original features.

While some restoration was initiated, the building deteriorated over the past decade. At the time of purchase, one retail tenant remained. Storefronts were boarded up. The exterior elements were a mish mash of design elements and palette and also deteriorating. The owner lived in one apartment. Four additional upstairs apartments were leased.



## The Vision



The primary goal of this project is to return this building to its vital role as a contributing part of the economic life of downtown Ellensburg. Key parts of the project include getting the first floor spaces occupied with appropriate businesses, continuing and expanding use of the upstairs spaces, repairing, preserving and restoring the facades, and establishing its cornerstone presence in the historic downtown marketplace.

The City has seen this as opportunity to rescue and rehabilitate this key part of downtown in a way that attracts and supports others who will invest in our downtown. The return on investment has a community wide benefit that goes well beyond a simple, project based equation. This opportunity engages the City's urban renewal, economic development, and redevelopment. Concretely, six or seven new storefronts in the building create and adds to the atmosphere and sense of place that makes downtowns successful. The City also recognized that this project goes beyond investment into a single property but is an important step for the health and well-being of the entire downtown district.

## Where are we now?

The recommendation to City Council included specific steps that would be undertaken to prepare the building for lease and sale.

1. Work with Kovalenko Hale for assessment and report on building—report was received but while including valuable information did not provide the hoped for direction in either the sale or leasing of the building.
2. Building Clean-up—All interior spaces cleaned. Surplus materials sold. Exterior has had miscellaneous wire, eye hooks, etc. removed. Upstairs apartments have been painted and appliances replaced where needed.
3. Energy Upgrades—HVAC systems (furnaces and A/C) were replaced with high efficiency units and windows have been replaced on all retail spaces.
4. Building improvements—the City is installing the piping and risers needed for occupants to sprinkle. Additionally, internal sprinklers and fire separation will be installed with the building improvement funds if needed by a tenant.



Marketing the storefronts began once ownership was complete. A website was developed and remains active ([www.geddisbuilding.com](http://www.geddisbuilding.com)). A lease application is embedded on the site.

Second Floor: All upstairs apartments are leased. A small office on the second floor remains. Rental of that office will be difficult. A key pad has been installed to limit access to the 2<sup>nd</sup> Floor. Limited access has been a problem for potential office tenants.

Street Level: Tenants have been identified for all available retail spaces. Leases are signed for four of the seven spaces. One of those four is the long-time tenant which has signed an extension. One tenant is in negotiation for the corner and adjacent space. A lease with terms has also been provided a projected tenant for what would be the remaining space. Leases have been negotiated with rates that reflect the level of leasehold improvements undertaken by each tenant. Terms are one to three years with options. The corner may have a longer term to support capture of the tenant's capital costs.

### Geddis Building Financial Summary (2/28/2014)

Revenues	2012 YTD	2013 YTD	2014 YTD	Total
Interlocal Grants & Entitlements		\$11,134.00		11,134.00
Washer/Dryer Use Fees		911.50	312.00	1,223.50
Spaces and Facilities Rentals		13,440.00	3,780.00	17,220.00
Housing Rentals/Leases		34,600.00	8,750.00	43,350.00
Late Fees			37.50	37.50
Interfund Loan	1,400,000.00	0.00		1,400,000.00
Transfer In- Light		30,000.00		30,000.00
Transfer In- Gas		30,000.00		30,000.00
<b>Total Revenues</b>	<b>\$1,400,000.00</b>	<b>\$120,085.50</b>	<b>\$12,879.50</b>	<b>\$1,532,965.00</b>
<b>Expenditures</b>				
Salaries & Wages		\$12,216.06		12,216.06
Retirement		905.63		905.63
Fica/Medi		934.52		934.52
L&I		33.90		33.90
Supplies		5,328.73	596.92	5,925.65
Small Tools		2,833.31		2,833.31
Professional Services		45,165.43	3,342.40	48,507.83
Taxes & Assessments		6,168.34		6,168.34
Utilities		12,996.40	312.94	13,309.34
Repairs and Maintenance		143,908.40		143,908.40
Miscellaneous Expenditures		46.13		46.13
Interfund Repairs & Maint		1,302.90		1,302.90
Interfund Loan Repayment- Interest		14,000.00		14,000.00
Capital Purchase	1,215,614.20	0.00		1,215,614.20
<b>Total Expenditures</b>	<b>\$1,215,614.20</b>	<b>\$245,839.75</b>	<b>\$4,252.26</b>	<b>\$1,465,706.21</b>
<b>Revenues Less Expenditures</b>	<b>\$184,385.80</b>	<b>-\$125,754.25</b>	<b>\$8,627.24</b>	<b>\$67,258.79</b>

The fund reconciliation indicates that a small balance remains. The fire suppression system will exhaust the funds allocated by Council for purchase and building improvements, as well as, possibly draw down cash balances accrued through rental income.

The pro forma uses current lease rates and projected rates as currently negotiated. The pro forma indicates that the building has the potential to have a positive cash flow. It is not anticipated that additional City General Fund money will be required to maintain and sustain building operations.

**Geddis Building Pro Forma  
Profit and Loss**

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>INCOME</b>										
Gross rents	95,959	147,606	171,500	182,756	182,756	186,411	190,139	193,942	197,821	201,777
Less vacancy contingency			17,150	18,276	18,276	18,641	19,014	19,394	19,782	20,178
Effective gross rents	95,959	147,606	154,350	164,480	164,480	167,770	171,125	174,548	178,039	181,599
<b>GROSS INCOME</b>	<b>95,959</b>	<b>147,606</b>	<b>154,350</b>	<b>164,480</b>	<b>164,480</b>	<b>167,770</b>	<b>171,125</b>	<b>174,548</b>	<b>178,039</b>	<b>181,599</b>
<b>OPERATING EXPENSES</b>										
Leashold Tax (12.84 percent of gross rents)	12,321	18,953	19,819	21,119	21,119	21,542	21,972	22,412	22,860	23,317
Maintenance expense reserve	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,060	14,341
Insurance	7,615	7,843	7,945	8,049	8,290	8,539	8,795	9,059	9,331	9,611
Advertising/Marketing	750	750	750	750	750	750	750	750	750	750
Managemnet Fee	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Fire Protection	1,200	1,200	1,200	1,200	1,200	1,300	1,300	1,300	1,300	1,300
Legal/accounting	3,300	3,300	3,300	3,350	3,400	3,451	3,502	3,555	3,608	3,662
Utilities (stormwater and garbage collection)	3,800	3,300	2,885	2,928	2,972	3,017	3,062	3,108	3,155	3,202
<b>Total operating expenses</b>	<b>57,786</b>	<b>64,386</b>	<b>65,184</b>	<b>66,930</b>	<b>67,521</b>	<b>68,647</b>	<b>69,696</b>	<b>70,768</b>	<b>71,864</b>	<b>72,983</b>
<b>NET OPERATING INCOME</b>	<b>38,173</b>	<b>83,220</b>	<b>89,166</b>	<b>97,550</b>	<b>96,960</b>	<b>99,123</b>	<b>101,429</b>	<b>103,780</b>	<b>106,175</b>	<b>108,616</b>
<b>DEBT SERVICE</b>										
Principle	0	0	49,505	51,238	53,031	54,887	56,808	58,797	60,855	62,985
Interest	14,000	14,000	49,000	47,287	45,473	43,618	41,697	39,708	37,651	35,621
<b>Total Debt Service</b>	<b>14,000</b>	<b>14,000</b>	<b>98,505</b>	<b>98,505</b>	<b>98,504</b>	<b>98,505</b>	<b>98,505</b>	<b>98,505</b>	<b>98,506</b>	<b>98,506</b>
Depreciation	9,596	14,761	17,150	18,276	18,276	18,641	19,014	19,394	19,782	20,178
<b>NET PROFIT</b>	<b>\$24,173</b>	<b>\$69,220</b>	<b>(\$9,339)</b>	<b>(\$955)</b>	<b>(\$1,544)</b>	<b>\$618</b>	<b>\$2,924</b>	<b>\$5,275</b>	<b>\$7,669</b>	<b>\$10,110</b>
Capital Investment *	\$15,000	?	?	?	?	?	?	?	?	?
Accumulated Cash	\$9,173	\$78,393	\$69,054	\$68,098	\$66,554	\$67,172	\$70,096	\$75,370	\$83,039	\$93,149

\*capital investment shown in 2014 to convert upstairs office to residential rental (need discussion on this item)

**Assumptions/Notes**

- Vacancy contingency = 10% beginning in 2016
- Insurance rate is estimated to increase at 3%/year
- Legal/accounting is an estimate and increases at 1.5%/year
- Management fee is based on current EBDA contract
- Depreciation of 10% of annual revenue per year
- Mortgage payment based on \$1.4 million for 20 years at 3.5 Percent interest

**Next steps**

When fully leased, the revitalization committee proposed to proceed with the sale of the building. The Committee has discussed a variety of approaches, but has not developed a recommendation for a specific approach at this time. The building remains on the market and for sale as a more formal sales strategy is developed.



## Summary

The purchase of the Geddis Block is attaining the hoped for goals. More people are living in the building and therefore, in downtown. Retail life has returned to the building. Two tenants have been open for months. One tenant projects opening April 1<sup>st</sup>. Another tenant will be open on May 1<sup>st</sup>. Leases for the other spaces should see a business opening in one space within 60 days and in the other, within 6 months.

While the full impact of the purchase has not been felt in the community, the energy and activity has been noted and is, in fact, having a positive impact.



### Report to City Council: March, 2014

Background: Central Transit has operated as a public transit system for nearly 10 years. During that time, the system has developed as a model of collaboration. Central Washington University, community nonprofit organizations, and the City have contributed resources to ensure that the system worked. The City of Ellensburg initial commitment was of in-kind support—placement and maintenance of signage. The City became more formally engaged in 2011. Two studies were conducted with Council oversight and citizen input—a public transportation feasibility study and public transit development plan. The feasibility study concluded that public transit was feasible in the City and that there was sufficient public support to warrant further development.

The conclusions of the Transportation Development Plan were:

- There is sufficient latent demand to warrant on-going and improved transit service in Ellensburg.
- The community believes adequate transit service is important and will benefit the community.
- There are reasonable and financially feasible service alternatives to serve the needs found in this study and there are funding and structural alternatives that will provide financially sustainable operations.
- The service levels and potential ridership are comparable to other similar communities in the Pacific Northwest.
- The community is supportive of the concepts and proceeding on a course to improve transit in Ellensburg.

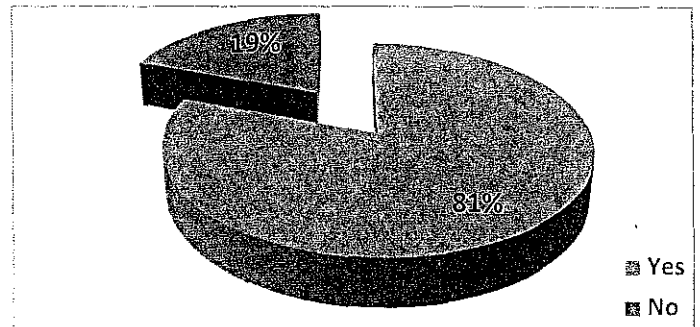


Based on those conclusions, the City submitted a grant to the Washington State Department of Transportation (WSDOT) for operating and public information and education funds. The grant was partially funded. Blending City funds committed by Council (\$49,500), CWU student fees (\$150,000), and the WSDOT grant, Central Transit, operated by HopeSource, has sufficient support to operate through June 30, 2015.

Current Status: City Council appointed a Public Transit Advisory Committee (PTAC). The Committee charge is,

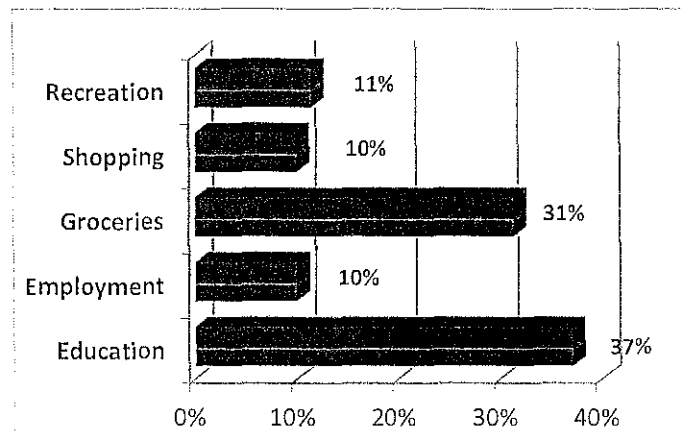
- To advise the City Council on matters pertaining to the maintenance and operation of public transit within the City limits,
- To develop and implement a community outreach program to educate the public concerning access to public transit and identify unmet needs,
- To provide oversight and direction to current and future public transit providers concerning, quality, effectiveness, and efficiency of the City's public transit system, and;
- To report, at least annually, on the above to City Council and on other such matters as they pertain to the City's public transit system or, on other such items as directed by City Council.

Working in conjunction with the Operator and WSDOT, the Committee reviewed schedule and route options. Service began in the 2<sup>nd</sup> week of September. The initial goal of the revised route and schedule were to provide a consistent standard of performance. Riders were surveyed in December, 2013. A majority of respondents indicated that the system worked to meet their needs. Riders use the system to meet a variety of needs as is typical of a Public Transit System. The survey respondents were primarily students (66%). Others were community members or CWU employees.



Does Central Transit Meet Your Needs?

Reason for Using Central Transit

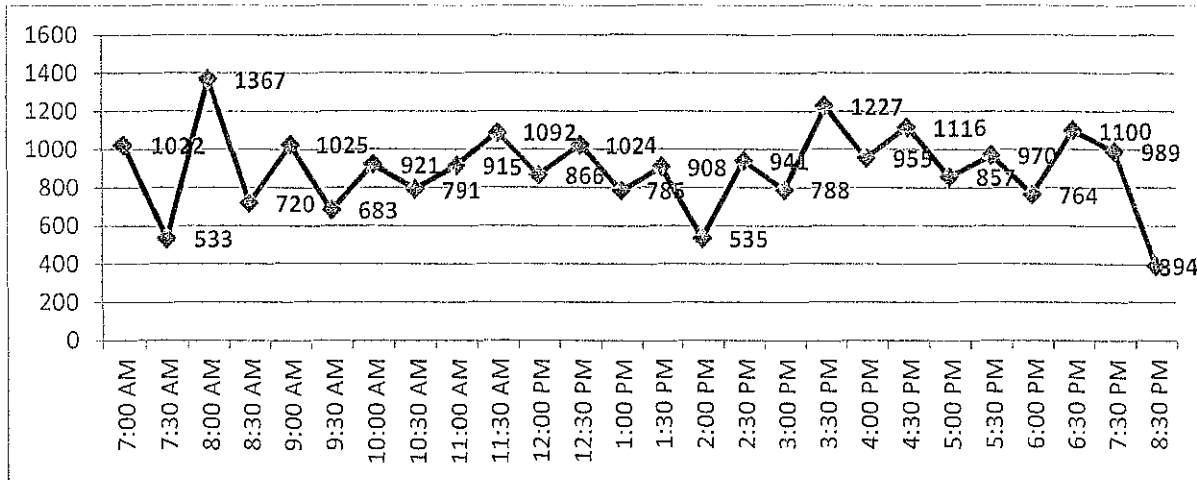


To better meet community needs, route and schedules were reviewed. Changes were recommended and implemented in January, 2014. The revised system reflected community feedback and system utilization. Working with the operator, the revised system removed two stops that were not well-utilized and added stops which improve accessibility for people living in low-income housing and students. The new route and schedule was in place and operating as students returned for winter quarter. Central Transit now has 26 stops on its route a 24% increase over the September route.

The table below shows where people are getting on and off and the total ridership since September, 2013 through February, 2014.

**Central Transit Ridership by Stop: September, 2013 to February, 2014**

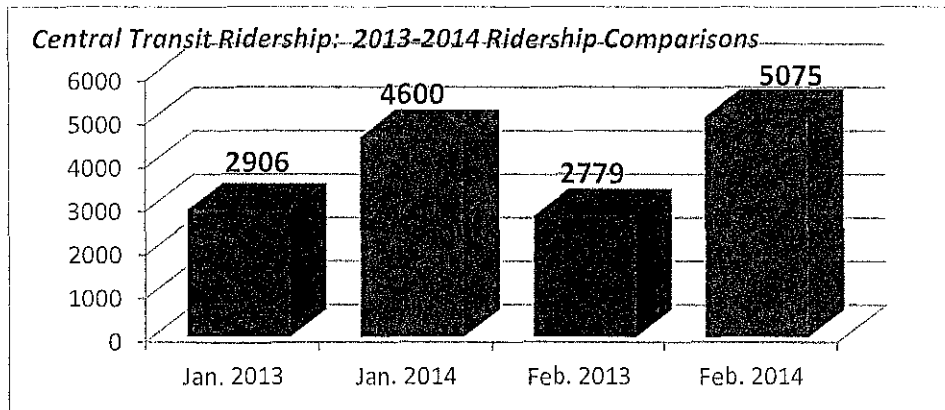
Safeway @ Ruby & 4th	1780	8%
Grocery Outlet (Ruby & 7th)	88	0.38%
University Way @ Kamola	569	2%
SURC	3278	14%
Student Village	1777	8%
18th & Brooklane	1237	5%
Brooklane Village	3719	16%
Crestview Manor	1384	6%
Helena @ Airport	1763	8%
Helena @ Headstart	322	1%
Water @ Helena	1020	4%
Water @ 15th	30	0.13%
3rd @ Anderson	296	1%
Chestnut @ Capitol	125	1%
Water @ 2nd	325	1%
Water @ 6th	121	1%
Water @ 14th	153	1%
Fred Meyer	1621	7%
McDonalds @ Ruby	411	2%
Super 1 @ Ruby	961	4%
Grand Meridian / Bi Mart	388	2%
Briarwood Apartments	1512	6%
Chestnut @ Seattle (KVH)	271	1%
Manitoba @ Ruby	49	0.21%
Morgan MS @ Ruby & Capital	12	0.05%
City Library @ Ruby & 3rd	99	0.42%
<b>Total Ridership</b>	<b>23,311</b>	



Central Transit: Ridership by Time

Central Transit Accomplishments

- Routes and schedules have been adjusted to better meet people’s needs.
- Ridership is growing.



- Schedules and accurate information available to the public.
- GPS Mobile app available and used.
- 

Central Transit Challenges

- Rolling stock aging (Grant for replacement vehicles submitted, 2-14)
- Consistent public outreach to increase ridership
- Consistent public information and education concerning the system
- Next steps could require further investment in planning and development of the system
- Sustainable long-term funding

## Recommendations

The City Transportation Development Plan presented to Council, June, 2013 recommended the following:

- City should begin the process to form a Transportation Benefit District (*or alternate governance/funding mechanism—this was not in the report, but may provide flexibility and enhanced revenue options.*)
- Once formed the Transportation Benefit District should:
  - ✓ Adopt a six-year transit development plan
  - ✓ Adopt a refined version of one of the route concepts following additional, more detailed, community outreach.
  - ✓ Adopt a coordination plan including efforts with HopeSource, Central Washington University, and WSDOT and Quadco.
  - ✓ Establish an annual operating plan and budget
  - ✓ Establish capital priorities and six year capital plan
  - ✓ Adopt a revenue plan

The steps outlined above would move the system to a long-term sustainable base. Much of the planning has been accomplished. The formal structure for support public transit has not. Solidifying and adopting the plan would provide opportunity for public input and a clear direction for the development of public transit in the community. If sustainable funding requires voters to approve the system, that structure and direction is critical. Even if other revenues are adopted, clear public understanding and support of Public Transit is critical to its success.

## Report to City Council

### Community Center Update

Background: The City has facilities spread throughout the community providing services to people of all ages.

The Adult Activity Center provides a range of activities primarily for adults. Health care and information is provided. Meals offered through the Senior Nutrition program. Classes on a variety of subjects are offered. The Center also provides a place for people to come and spend time with friends. Individuals and groups also rent the Center for different activities and events.

The Stan Basset Youth Center activities and events are targeted for youth. The Center is open to youth of all ages and provides a range of programming. The Youth Center provides a space for young people to relax, hang out with their peers, as well as, take part in organized activities.

The City also operates Memorial Pool and Fitness Center and the Tennis and Racquetball Center on the Vantage Highway. Memorial Pool has recently undergone extensive renovations. The bulk of activities offered cannot be replicated at another site (swimming, aqua fitness, etc.) The Tennis Center also provides activities somewhat geared to the site. Indoor soccer, blade hockey, and gymnastics are provided at the site, as well as, indoor tennis and racquet ball courts.

Hal Holmes provides access to meeting rooms and serves a number of organizations and groups. The stage is used for performances, though, it is small and the room's acoustics are not ideal. Plans for expansion of the City Library call for the use of the Hal Holmes meeting spaces to accommodate the Library's need for expansion.

The City's Senior Advisory Committee has identified the need for a new Center for a number of years. The facility is relatively small and inflexible. The space does not lend itself to the diversity of programming requested by current users of the space, nor does the space provide the opportunity for expanded programming which would appeal to more people in the community.

Similarly, the Stan Basset Youth Center is housed in a former grocery store next to Morgan Middle School. Space is limited; therefore, activities offered are limited. Additionally, the building is older with the concurrent maintenance and repair issues.

An informal Community Center committee convened in 2011. That group laid the groundwork for the creation of an ad-hoc Community Center Committee appointed by City Council in 2013.

Committee Work: The Ad-hoc Committee conducted a community survey regarding the development of a Community Center. 346 Surveys were returned.

Here's an overview of the responses for each question. Included in this report is specific data related to each question.

1. *If a new community center were built, how important would it be to include the following elements/features in the facility?*

Sixteen different options were provided and the respondents were asked to rate each option as being 'Not Important', 'Somewhat Important', 'Important', or 'Very Important'. Options ranking highest in priority were;

- Senior Citizen Program Space.
- Youth/Teen Center Program Space.
- Commercial Kitchen.
- Gymnasium.
- Indoor walking track

2. *How important are the following factors to you and your family in determining whether or not to utilize a new community center?*

Seven different options were provided with respondents rating each option as being Not Important', 'Somewhat Important', 'Important', or 'Very Important'. The options ranking highest in priority were;

- Operating hours.
- Cost.
- Selection of programs and activities.
- Quality of programs and activities.

3. *How important is it to consider the following factors when locating a new center?*

Six different options were provided and the respondents were asked to rate each option as being 'Not Important', 'Somewhat Important', 'Important', or 'Very Important'. Options ranking highest in priority were;

- On a public transportation route.
- Near Downtown.
- Near senior housing.

- Within a park facility or open space.
- Near Ellensburg School District facilities.
- Near CWU campus.

4. *Would you and/or members of your family use a community recreation center?*

Responders were given the choice of answering this question yes or no;

- 93.5% of the respondents answered yes, they would use the facility.

5. *Do you believe this type of facility is needed in our community?*

Responders were given the choice of answering this question yes or no;

- 88.7% of the respondents believe this type of facility is needed in our community.

6. *Multiple funding options are being considered for the construction and maintenance of a new center. Would you support a new center being funded through an increase in your property tax?*

Responders were given the choice of answering this question yes or no;

- 66.2% of the respondents would support the construction and maintenance of a new community center through an increase in their property tax.

Based on the information received through the surveys, the Ad-Hoc Committee believes there is enough community support to continue with the community center project.

Current Status: During the course of the work of the informal community committee and the City's Ad-hoc Committee, various sites were considered. The Committee identified a site on City land in Mountain View Park as the site which most closely met the developed criteria. Subsequently, discussions with the Ellensburg School District indicated an interest in pursuing discussions concerning the adaptive reuse of the old Morgan Middle School building as a Community Center. That discussion was reviewed with the Ad-Hoc Community Center Committee at their meeting March 4<sup>th</sup>. The Committee is in agreement to have Tabb and Case start the discussion with the city council and school district. The following motions were made.

**Motion** to recommend to the city council to pursue cooperation with the school district in creating a community center. Canterbury moved; Malinski seconded; approved

**Motion** to request funds during council retreat for an architectural study of the Morgan site for community center feasibility, not to exceed \$50,000; motion is contingent on agreement by city council and school board to consider a partnership. Malinski moved, Frost seconded; approved.

Council Action: Review and discuss options. Provide direction to staff and Committee regarding the direction of the development of the Community Center.